



Submission No. 22-217
November 14, 2022

Mr. Christopher J. Kirkpatrick
Secretary of the Commission
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, DC 20581

Re: New Crude Oil Diff - Argus Bakken Cushing vs WTI Trade Month Future and Related Amendments (1 of 2)
Submission Pursuant to Section 5c(c)(1) of the Act and Regulation 40.2

Dear Mr. Kirkpatrick:

Pursuant to Section 5c(c)(1) of the Commodity Exchange Act, as amended (the “CEA”), and Commission Regulations 40.2, ICE Futures U.S., Inc. (“Exchange”) submits, by written certification, new Rules 19.C.143 and 19.C.144, and amendments to Resolutions 1 and 2 of Chapter 19. The new rules and amendments provide for two new futures contracts, which will be listed on or about December 5, 2022, or such other date as the Exchange shall determine which shall be no sooner than the second business day following the business day on which this submission is received by the Commission.

Oil Americas Futures Contracts

a. Crude Oil Diff - Argus Bakken Cushing vs WTI Trade Month Future

The Exchange is listing one monthly cash settled futures contract, the Crude Oil Diff - Argus Bakken Cushing vs WTI Trade Month Future (“BAF”), which is based on the difference between the Argus daily assessment price for Bakken Cushing and the Argus daily assessment price for WTI Formula Basis. The contract generally represents the price differential during the trade month of northern Bakken crude oil streams and the price for WTI crude oil. The contract supplements the existing suite of Oil Americas and crude oil contracts currently listed by the Exchange. The contract will cease trading at the close of trading on the last business day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, trading shall cease on the first business day prior to the 25th calendar day. The contract will cash settle to a price in US dollars and cents per barrel based on the average of the quotations appearing in the “Argus Crude” report under the heading “Midcontinent,” subheading “Diff weighted average” for “Bakken Cushing” for each business day in the determination period. The determination period shall be the trade month period beginning with the first business day after the 25th calendar day two months prior to the contract month through the last business day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, the trade month period shall end on the first business day prior to the 25th calendar day.

b. Crude Oil Diff - Argus Bakken Cushing vs WTI 1st Line Future

The Exchange is also listing one monthly cash settled futures contract, the Crude Oil Diff - Argus Bakken Cushing vs WTI 1st Line Future (“BAC”), which is based on the difference between the Argus daily assessment price for Bakken Cushing Oil and the ICE daily settlement price for WTI 1st Line Future. The contract generally represents the price differential of northern Bakken crude oil stream and the price for WTI crude oil during a calendar month. The contract supplements the existing suite of Oil Americas and crude oil contracts currently listed by the Exchange. The contract will cease trading on the last trading day of the contract month and cash settle to a price in USD and cents per barrel based on the difference between the average of the quotations appearing in the “Argus Crude” report under the heading “Midcontinent,” subheading “Weighted average” for “Bakken Cushing” and the average of the settlement prices as made public by ICE for the WTI 1st Line Future for each business day in the contract month.

The contract sizes, minimum price fluctuations, Interval Price Limits (IPLs) and IPL recalculation times, No-Cancellation Ranges (NCRs), spot month position limits and single and all month accountability levels are provided in relevant documents attached as Exhibit A. All relevant terms of the contracts are similar to other Oil Americas contracts listed by the Exchange. The listing cycles and other relevant specifications are provided in the contract specifications in Exhibit A. The new futures contracts are block eligible. The minimum block trade sizes have been set consistent with existing Oil Americas futures contracts. New Exchange Rules 19.C.143 and 19.C.144 list the crude oil futures contracts. The Exchange has set spot month position limits and single and all month accountability levels consistent with the spot month position limits for equivalent products listed at another designated contract market.¹ Additionally, it is the Exchange’s good faith belief that the contracts do not meet the definition of *referenced contract* as prescribed in CFTC §150.1.²

Certifications

The rules and amendments establishing the new futures contracts’ terms and conditions are to become effective on the second business day following the business day on which this submission is received by the Commission. The Exchange is not aware of any substantive opposing views to the new futures contracts. The Exchange certifies that the rule amendments comply with the requirements of the Act and the rules and regulations promulgated thereunder. The Exchange has reviewed the designated contract market core principles (“Core Principles”) as set forth in the Act and has determined that the listing of the contracts complies with the following relevant Core Principles:

COMPLIANCE WITH RULES

The terms and conditions of the new futures contracts are set forth in new Rules 19.C.143 and 19.C.144, and amendments to Resolutions 1 and 2 of Chapter 19, and will be enforced by the Exchange. In addition, trading of the contracts is subject to all relevant Exchange rules which are enforced by the Market Regulation Department.

CONTRACTS NOT READILY SUBJECT TO MANIPULATION

¹ 17 C.F.R. § 150.5(b)(3) (October 15, 2020) (relevant regulation providing that: “For any newly listed commodity derivative contract subject to paragraph (b) of this section that is substantially the same as an existing contract listed on a designated contract market or swap execution facility that is a trading facility, the designated contract market or swap execution facility that is a trading facility listing such newly listed contract shall adopt spot month, individual month, and all-months-combined speculative position limits comparable to those of the existing contract.”) Here, the BAF and BAC contracts have approximately identical terms and conditions to those listed by CME Group in its Bakken Cushing (Argus) vs. WTI Financial Futures and Bakken Cushing (Argus) vs. WTI Trade Month Futures. Therefore, the Exchange has determined to set spot month speculative position limits, single and all-months-combined accountability levels at 1,000 contracts, 2,000 contracts, and 4,000 contracts, respectively for BAF and BAC, identical to those at CME Group. (<https://www.cmegroup.com/rulebook/files/position-limits-nymex.xlsx>)

² 17 C.F.R. § 150.1 (October 15, 2020) (providing for *referenced contract* definition).

The new futures contracts are not readily subject to manipulation as they are based on established and liquid underlying cash markets. In addition, trading of the new contracts will be monitored by the Market Regulation Department.

POSITION LIMITS OR ACCOUNTABILITY

Positions in the new futures contracts will be subject to position limits and accountability levels set by the Exchange. As described above, such position limits are based upon existing levels set for substantially similar products at another designated contract market.

FINANCIAL INTEGRITY OF CONTRACTS

The new futures contracts will be cleared by ICE Clear Europe, a registered derivatives clearing organization subject to Commission regulation, and carried by registered futures commission merchants qualified to handle customer business.

The Exchange is not aware of any opposing views expressed by members or others regarding the listing of the new futures contracts and the adoption of related amendments. The Exchange further certifies that concurrent with this filing a copy of this submission was posted on the Exchange's website, which may be accessed at: (<https://www.theice.com/futures-us/regulation#rule-filings>).

If you have any questions or need further information, please contact the undersigned at patrick.swartz@theice.com.

Sincerely,



Patrick Swartz
Director
Market Regulation

Enc.
cc: Division of Market Oversight
New York Regional Office

EXHIBIT A

Rule	Contract Name	Commodity Code	Contract Size	Unit of Trading	Minimum Tick ^[1]	IPL Amount	IPL Recalc Time (Seconds)	IPL Hold Period (Seconds)	NCR
19.C.143	Crude Oil Diff - Argus Bakken Cushing vs WTI Trade Month Future	BAF	1,000	Barrels	0.01	6.25	3	5	0.25
19.C.144	Crude Oil Diff - Argus Bakken Cushing vs WTI 1st Line Future	BAC	1,000	Barrels	0.01	6.25	3	5	0.25

[1] The minimum fluctuation for the above futures and options contracts may differ depending on trade type and market.

Resolution No. 1 - Minimum Price Fluctuation Table

The following minimum price fluctuations shall be applicable to Oil Contracts.

Rule Number	Product	Minimum Price Fluctuations	
		Screen	Blocks and other trades outside the central limit order book
* * *			
<u>19.C.143</u>	<u>Crude Oil Diff - Argus Bakken Cushing vs WTI Trade Month Future</u>	<u>0.01</u>	<u>0.01</u>
<u>19.C.144</u>	<u>Crude Oil Diff - Argus Bakken Cushing vs WTI 1st Line Future</u>	<u>0.01</u>	<u>0.01</u>

Resolution No. 2 – Position Limit/Accountability Table

Rule	Contract Name	Commodity Code	Contract Size	Unit of Trading	Spot Month Limit	Single Month Accountability Level	All Month Accountability Level	Aggregate 1 (Positive Correlation)	Aggregate 2 (Negative Correlation)	Exchange Reportable Level	CFTC Referenced Contract
19.C.143	Crude Oil Diff - Argus Bakken Cushing vs WTI Trade Month Future	BAF	1,000	Barrels	1,000	2,000	4,000	BAF		25	N
19.C.144	Crude Oil Diff - Argus Bakken Cushing vs WTI 1st Line Future	BAC	1,000	Barrels	1,000	2,000	4,000	BAC		25	N

SUBCHAPTER 19C -

DIFFERENTIAL FUTURES CONTRACTS – CRUDE OIL AND REFINED PRODUCTS

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19.C.143 Crude Oil Diff - Argus Bakken Cushing vs WTI Trade Month Future

19.C.144 Crude Oil Diff - Argus Bakken Cushing vs WTI 1st Line Future

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19.C. 143 Crude Oil Diff - Argus Bakken Cushing vs WTI Trade Month Future

Description: A cash settled future based on the difference between the Argus daily assessment price for Bakken Cushing (front trade month) and the Argus daily assessment price for WTI Formula Basis (front trade month)

Contract Symbol: BAF

Contract Size: 1,000 barrels

Unit of Trading: Any multiple of 1,000 barrels

Currency: US Dollars and cents

Trading Price Quotation: One cent (\$0.01) per barrel

Settlement Price Quotation: One tenth of one cent (\$0.001) per barrel

Minimum Price Fluctuation: One tenth of one cent (\$0.001) per barrel

Last Trading Day: Trading shall cease at the close of trading on the last business day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, trading shall cease on the first business day prior to the 25th calendar day

Final Settlement Price: A price in USD and cents per barrel based on the average of the quotations appearing in the “Argus Crude” report under the heading “Midcontinent”, subheading “Diff weighted average” for “Bakken Cushing” for each business day (as specified below) in the determination period

The determination period shall be the trade month period beginning with the first business day after the 25th calendar day two months prior to the contract month through the last business day that falls on or before the 25th calendar day of the month prior to the contract month. If the 25th calendar day is a weekend or holiday, the trade month period shall end on the first business day prior to the 25th calendar day.

Common Pricing applies.

Contract Series: Up to 60 consecutive months, or as otherwise determined by the Exchange

Final Payment Dates: Two Clearing House Business Days following the Last Trading Day

Business Days: Publication days for Argus Crude

MIC Code: IFED

Clearing Venue: ICEU

19.C.144 Crude Oil Diff - Argus Bakken Cushing vs WTI 1st Line Future

Description: A monthly cash settled future based on the difference between the Argus daily assessment price for Bakken Cushing Oil (1st Calendar Month) and the ICE daily settlement price for WTI 1st Line Future.

Contract Symbol: BAC

Contract Size: 1,000 barrels

Unit of Trading: Any multiple of 1,000 barrels

Currency: US Dollars and cents

Trading Price Quotation: One cent (\$0.01) per barrel

Settlement Price Quotation: One tenth of one cent (\$0.001) per barrel

Minimum Price Fluctuation: One tenth of one cent (\$0.001) per barrel

Last Trading Day: Last trading day of the contract month

Final Settlement Price: A price in USD and cents per barrel based on the difference between the average of the quotations appearing in the “Argus Crude” report under the heading “Midcontinent”, subheading “Weighted average” for “Bakken Cushing” and the average of the settlement prices as made public by ICE for the WTI 1st Line Future for each business day (as specified below) in the determination period

Common Pricing applies.

Contract Series: Up to 60 consecutive months, or as otherwise determined by the Exchange

Final Payment Dates: Two Clearing House Business Days following the Last Trading Day

Business Days: Publication days for Argus Crude

MIC Code: IFED

Clearing Venue: ICEU

[REMAINDER OF RULEBOOK UNCHANGED]